

Message Text

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71

ACTION AF-18

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 DRC-01 /147 W

----- 001287

R 081325Z APR 74

FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC 1121

C O N F I D E N T I A L TRIPOLI 0401

E.O. 11652: GDS

TAGS: ENRG LY

SUBJECT: CONTINENTAL OIL CO. NEGOTIATIONS WITH LIBYA

1. W.S. FENTON AND PATRICK J. ROONEY OF CONTINENTAL OIL CO. (ONE-THIRD OWNER OASIS GROUP) CALLED AT EMBASSY APRIL 7 TO REPORT ON CONTINENTAL'S CURRENT TALKS WITH LIBYAN PETROLEUM OFFICIALS.
2. FENTON SAID LIBYANS HAD OPENED DISCUSSIONS APRIL 1 BY DEMANDING 60 PERCENT PARTICIPATION RIGHTS. CONTINENTAL COUNTERED BY AGREEING ACCEPT 51 PERCENT PARTICIPATION AND AGREEING FOR THE IMMEDIATE FUTURE AT LEAST, TO BUY-BACK FOR \$16 PER BARREL.
3. FENTON SAID IT WAS DIFFICULT TO CONVINCE THE LIBYANS OF CERTAIN REALITIES OF OIL ECONOMICS. HE TOLD THEM "APRIL IS NOT JANUARY" IN THE OIL WORLD AND THAT MOST DEVELOPED COUNTRIES HAVE MOUNTAINOUS INVENTORIES. FENTON TOLD EMBOFF THAT HE MAKING A SACRIFICE TO AGREE TO BUY BACK AT \$16 BUT HE IS DOING SO TO PROTECT CONTINENTAL'S INVESTMENT.
4. FENTON CONVINCED THAT LIBYANS WILL AGREE 51 PERCENT

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PARTICIPATION AND \$16 OIL IN NEXT DAY OR TWO.

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Message Attributes

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